

My name is Paul Hense, I am a CPA in Grand Rapids. I am here to support SB 1046 and 1047.

I am a University of Detroit graduate not Harvard. What I know doesn't come out of a book, it comes from 40 years of doing work as a CPA for small businesses.

I have served as the Chair of the Small Business Association of Michigan and also as the Chair of the National Small Business Association.

The majority of my clients are small businesses and I have seen first hand the tough decisions that small businesses have had to make during the recent economic downturn.

It is hard to gauge how much sacrifice small businesses have made in recent years for a couple of reasons:

- No one likes to talk about those tough decisions as many owners see these decisions as private business decisions.
- I am seeing many small business folks make decisions that first effect their own personal finances as a way to insulate their employees.
- Many of my clients hire family members and close friends. In order to protect their employees they tend to keep their personal sacrifices private.

As a CPA, I am privy to how many of these decisions are currently being made to protect their employees. I can tell you that there is an enormous amount of personal sacrifice happening with the majority of my private sector clients.

There is also a high level of frustration with my clients especially when they see the level of benefits that are enjoyed by the public sector.

They recognize that they pay for public sector benefits through their taxes. There is a growing sense of anger when my clients see public sector employees not making similar sacrifices.

Recently the Small Business Association of Michigan conducted a survey of 400 small business owners, conducted in mid-January, found:

- 52% of small businesses said their sales decreased in the past six months
- 47% had their profits drop
- 24% were forced to cut employees
- 67% could not afford to provide wage hikes
- 61% give a negative rating to the quality of Michigan as a market for their goods and services
- In the next six months, 22% expect profits to decrease. 42% expect profits to be stagnant.

This survey is certainly consistent to what I am seeing on a daily basis with my clients in Grand Rapids.

The current situation is simply not sustainable. There is nothing more to it.

As small business goes, when they get hit with overwhelming health care costs, they cut back. They don't have any choice.

The bottom line: Those in the private sector expect to see shared sacrifice from those in the public sector. I believe your proposal does that therefore I support the tough decisions you are making with SB 1046 and 1047.